

Message Text

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ORIGIN IO-14

INFO OCT-01 AF-10 ARA-16 EA-11 EUR-25 NEA-14 RSC-01 ISO-00

AID-20 CIAE-00 DODE-00 PM-07 H-03 INR-11 L-03 NSAE-00

NSC-07 PA-04 PRS-01 SP-03 SS-20 USIA-15 OMB-01 COME-00

TRSE-00 EB-11 IGA-02 FRB-03 XMB-07 /210 R

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AMEMBASSY LONDON

INFO USMISSION GENEVA

AMEMBASSY BRUSSELS

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

C O N F I D E N T I A L STATE 166109

E.O.11652: GDS

TAGS: EGEN, UN, EAID

SUBJECT: UN SYG'S EMERGENCY OPERATION FOR MSA'S: MEETING
WITH UK MINISTER OF DEVELOPMENT HART

1. JUDITH HART, UK MINISTER FOR OVERSEAS DEVELOPMENT,
CALLED ON DEPARTMENT JULY 29 TO DISCUSS POSSIBLE US
CONTRIBUTION TO SYG'S EMERGENCY OPERATION FOR THE MOST
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SERIOUSLY AFFECTED (MSA'S), UK ATTITUDE TOWARDS CONDITIONS

PLACED ON EC PLEDGE OF \$500 MILLION, ROLE OF POTENTIAL ARAB DONORS, AND OTHER RELATED ISSUES. HART WAS RETURNING FROM EC/ASSOCIABLES MEETING IN JAMAICA AND WAS TO MEET LATER IN DAY WITH PREBISCH, SYG'S REPRESENTATIVE FOR EMERGENCY PROGRAM, AND IBRD PRESIDENT MCNAMARA. FOLLOWING SUMMARIZES CONVERSATION.

2. CONDITIONS ON EC PLEDGE TO EMERGENCY OPERATION: HART INFORMED DEPARTMENT OFFICERS THAT EC MEMBERS WERE DIVIDED OVER STRINGENCY WITH WHICH CONDITIONS ON EC PLEDGE SHOULD BE APPLIED. GERMANY FAVORED HOLDING UP ANY DISBURSEMENTS UNTIL OTHER PLEDGES MADE, IN PARTICULAR FROM ARAB SOURCES. UK AND NETHERLANDS, ON OTHER HAND, FELT THAT CONDITIONS SERVED A PURPOSE FOR A WHILE, BUT THAT EC GOVERNMENTS SHOULD START TO MOVE AHEAD WITH IMPLEMENTATION BY SEPTEMBER. SHE SAID A SPECIAL MEETING OF THE EEC

DEVELOPMENT COUNCIL WOULD BE HELD SEPTEMBER 24 TO REVIEW THIS QUESTION. EC CONTRIBUTION, SHE CLARIFIED, WOULD BE IN FORM OF BILATERAL ASSISTANCE, REPORTED TO THE COMMISSION AND THENCE--AS CARRYING OUT OF COMMUNITY PLEDGE--TO UN.

3. US POSITION: DEPARTMENT OFFICERS CONFIRMED THAT US INTENDED TO REPLY TO SYG'S APPEAL, VARIOUSLY THROUGH BILATERAL CHANNELS, IN TERMS WHICH WOULD QUALIFY AS CONTRIBUTION TO EMERGENCY OPERATION. WE EXPECTED PRINCIPAL US RESPONSE WOULD BE IN FORM OF FOOD AID, I.E. EXPANDED PL-480 PROGRAM FOR FY 75. ALTHOUGH WE EXPECTED TO HAVE ANSWER BY SEPTEMBER 1, TIMING OF DECISION WAS STILL UNCERTAIN. DEPARTMENT OFFICERS COMMENTED THAT RECENT POOR WEATHER CONDITIONS IN CROP AREA HAD LED TO INCREASED PESSIMISM ABOUT EARLY CROP FORECASTS. HART NOTED USEFULNESS OF HAVING US ANNOUNCEMENT BEFORE SEPTEMBER EEC DEVELOPMENT COUNCIL MEETING.

4. IN ADDITION TO FOOD AID, WE NOTED THAT LEGISLATION NOW PENDING IN CONGRESS CALLS FOR A \$255 MILLION INCREASE IN AID'S DEVELOPMENT ASSISTANCE AUTHORIZATION FOR FY 75, SOME OF WHICH IS INTENDED TO FINANCE

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FERTILIZER AND OTHER INPUTS OF IMMEDIATE BENEFIT TO MSA'S. IT WAS STILL TOO EARLY TO BE CERTAIN OF TIMING OF CONGRESSIONAL ACTION. WHILE WE HOPED FOR POSITIVE ACTION BY END OF AUGUST, THERE IS GOOD CHANCE CONSIDERATION WOULD ONCE AGAIN BE DELAYED. OUTCOME OF CONGRESSIONAL DEBATE NOT YET CLEAR.

5. POTENTIAL ARAB DONORS: HART REPORTED UK HAD LITTLE

INFORMATION REGARDING POTENTIAL OIL PRODUCER CONTRIBUTIONS TO THE EMERGENCY OPERATION, BESIDES THE \$100 MILLION VENEZUELAN PLEDGE AND THE PENDING \$150 MILLION OFFER FROM IRAN WHICH WAS FREQUENTLY COUNTED TOWARD THE UN PROGRAM. DEPARTMENT OFFICERS REPORTED US IN SIMILAR SITUATION AND THAT PREBISCH HAD RETURNED FROM MIDDLE EAST TRIP WITHOUT ANY HARD FIGURES ON BILATERAL PROGRAMS. BASED ON PAST ACTIVITIES, WE BELIEVED OIL PRODUCERS WOULD IN FACT PROVIDE ASSISTANCE TO SOME DEGREE THROUGH BOTH BILATERAL AND MULTILATERAL CHANNELS (E.G. KUWAITI PARTICIPATION IN IDA). AT PRESENT THEY SEEMED TO STRONGLY RESIST CASTING THESE ACTIONS AS PARTICIPATION IN AGENCY OPERATION, BUT IT POSSIBLE THEY MIGHT LET CERTAIN PROGRAMS BE ATTRIBUTED TO UN PROGRAM AFTER THE EVENT. WE SAW LITTLE THAT COULD BE DONE TO BRING

PRESSURE ON ARABS IN THIS REGARD (ALTHOUGH REDUCTION IN PRICE OF CRUDE OIL WOULD BE IMMEDIATE HELP), GIVEN THE EVIDENT RELUCTANCE OF LDOS THEMSELVES TO FACE ARABS WITH THEIR RESPONSIBILITY FOR GRAVITY OF THE SITUATION.

6. EIGHT-MEMBER CONSULTING GROUP FOR PREBISCH: WE INFORMED HART OF PREBISCH PROPOSAL THAT GROUP OF EIGHT DONORS--FOUR DEVELOPED COUNTRIES AND FOUR OIL PRODUCERS--BE FORMED TO ADVISE HIM ON IMPLEMENTATION OF EMERGENCY OPERATION. AS PREBISCH CONCEIVED IT, GROUP WOULD NOT BE DECISION MAKING. WE HAD NOT GIVEN DEFINITE REPLY AND ASKED HART'S VIEWS. AFTER SOME REFLECTION, HART SAID THAT, AS LONG AS GROUP MERELY WAS CONSULTATIVE, IT SEEMED A VERY GOOD IDEA. IT MIGHT, IN PARTICULAR, HELP PREBISCH RESIST INEVITABLE PRESSURES FROM LESS HARD HIT DEVELOPING COUNTRIES FOR INCLUSION IN EMERGENCY OPERATION. WE DID POINT OUT PREBISCH HAD CONFIDENTIAL

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NOT APPROACHED OTHER GOVERNMENTS ON THIS POINT.

7. DEFINITION OF MSAS: WE TOLD HART THAT PREBISCH INTENDED TO HAVE FINAL LIST OF MSA'S BY END OF THIS WEEK. SHE SAID SHE INTENDED TO DISCUSS THIS WITH PREBISCH BECAUSE A LIST OF 30 COUNTRIES--WHICH WAS NUMBER PREBISCH CONSIDERING--WAS TOO LONG. ACCORDING TO UK FIGURES, MSA'S BROKE INTO ONE GROUP OF TEN, THOSE "IN DIRE STRAITS", AND ANOTHER GROUP OF TEN "IN EXTREMELY DIFFICULT SITUATION".

8. US PROPOSAL FOR INTERNATIONAL DEVELOPMENT COUNCIL: RHART ASKED WHETHER US FELT ITS PROPOSED DEVELOPMENT COUNCIL WOULD BE ONE WAY TO GET ARABS MORE ACTIVELY INVOLVED IN ASSISTING MSA'S; SHE THOUGHT IT MIGHT.

DEPARTMENT OFFICERS REPLIED AFFIRMATIVELY, NOTING OTHER POSITIVE ELEMENTS IN PROPOSAL. IN ADDITION, WE FELT DIRECT INVOLVEMENT OF FINANCE AND DEVELOPMENT MINISTERS WOULD BE ADVANTAGEOUS AND THIS, COMBINED WITH SMALLER SIZE, WOULD HELP CUT DOWN ORGANIZATIONAL AND BUREAUCRATIC OBSTACLES. HART PARTICULARLY INTERESTED IN QUESTION OF WHICH MINISTRY WOULD REPRESENT GOVERNMENTS ON COUNCIL, AND SAID FLEXIBILITY IN THIS REGARD WOULD BE IMPORTANT. (SHE OBVIOUSLY WANTS TO PLAY A ROLE.) WE POINTED OUT THAT, IN CONTRAST TO C-20 DECISION, US PROPOSAL CALLED FOR COUNCIL TO BE INDEPENDENT OF FUND AND BANK, ALTHOUGH FINANCED BY THEM AND OTHER FINANCIAL INSTITUTIONS. UK REP DOUBTED THAT BANK AND FUND WOULD AGREE TO SUPPORT COUNCIL UNLESS IT CREATED AS SUBSIDIARY BODY AS ORIGINALLY PROPOSED AND AS UK PREFERRED. HART

SAID THAT SUCCESS OF COUNCIL WOULD DEPEND ON ITS AGENDA AND ON MANNER IN WHICH IT STARTED OFF. SHE AGREED THAT, GIVEN COUNCIL'S LONGER TERM INTERESTS, IT DID NOT NECESSARILY CONFLICT WITH UN EMERGENCY OPERATION.

9. SITUATION IN BANGLADESH AND INDIA:

(A) HART ATTRIBUTED THE NEED FOR PROMPT EC ACTION TO THE SITUATION OF BANGLADESH, WHICH HAD ONLY A FEW MORE MONTHS BEFORE IT WOULD BE TOTALLY UNABLE TO FINANCE
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IMPORTS. SHE HAD URGED BANGLADESH TO SEEK FORMATION OF A FORMAL DONOR CONSORTIUM UNDER WORLD BANK CHAIRMANSHIP. THE GOB WAS PREPARING PAPERS FOR SUCH A CONSORTIUM NOW AND A MEETING MIGHT BE CALLED BY THE END OF AUGUST.

(B) HART SAID INDIA'S NEEDS CAME TO 700 - 800 MILLION DOLLARS AND THAT SITUATION WOULD BECOME CRITICAL IN OCTOBER/NOVEMBER IF THE CURRENT HARVEST WERE BAD. SHE SAID THAT THE RECENT NUCLEAR EXPLOSION WOULD NOT AFFECT UK SUPPORT FOR AID TO INDIA, BUT WONDERED ABOUT THE US POSITION FOLLOWING CONGRESSIONAL AMENDMENT OF THE IDA LEGISLATION. WE REPLIED THAT THE LEGISLATION REQUIRED A NEGATIVE US VOTE ON IDA LOANS TO INDIA FROM THE FOURTH REPLENISHMENT. SINCE THE US HAD ONLY 25 PERCENT OF IDA VOTE, HOWEVER, THIS WOULD NOT PREVENT LOANS TO INDIA ASSUMING CONCURRENCE OF OTHERS VOTING. THE AMENDMENT APPLIED ONLY TO IDA LOANS AND DID NOT AFFECT OTHER US AID PROGRAMS. KISSINGER

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